

IDAHO FALLS REDEVELOPMENT AGENCY

P.O. BOX 50220

IDAHO FALLS, ID 83405

November 19, 2015

Regular Meeting Minutes

Council Chambers

Call to Order: Chair Radford called the meeting to order at 12:05

Members Present: Lee Radford, Terri Gazdik, Kirk Larsen and Linda Martin.

Members Absent: Brent Thompson, Thomas Hally, Lee Staker.

Also Present: Renee Magee, Executive Director; Thayne Sparks, Agency Treasurer; Ryan Armbruster, Legal Counsel (via telephone); Ed Marohn, City Council Member; Brad Cramer, Community Development Services Director; Kristine Staten, Idaho Falls Downtown Development; and Greg Weitzel, Parks and Recreation.

Modifications to Agenda: None

Minutes: Linda Martin moved to approve the minutes of October 1, 2015 and October 15, 2015, Kirk Larsen seconded the motion and it passed unanimously,

Approval of Bills: Lee Radford presented the finance report dated November 19, 2015. The following bills were presented to be paid from the Snake River Allocation fund: RAI, \$10,750.00; Rebecca Thompson, \$70.00 for transcription of minutes; Rocky Mountain Environmental, \$5,000.00 for the Phase I studies; Celestial Imaging, \$350.00 for the aerial photos of the area; Elam and Burke, \$1,787.65 for legal services. The following bill was presented to be paid from River Commons Revenue Allocation fund: Elam and Burke, \$43.00 for legal services. Bills that need to be ratified from the Snake River Revenue Allocation Fund: Broadway Ford, \$244,466.05 for public infrastructure. **Kirk Larsen moved to approve the finance report, Linda Martin seconded the motion and it passed unanimously.**

Request for Assistance for Public Improvements for Springhill Suites, Simplot Circle and Riverwalk Drive. Renee Magee showed slides outlining the Woodbury request for public assistance. Magee explained the current proposal ranges from \$2.6 to \$2.9 million for improvements to Lot 14 and Riverwalk Drive. Magee clarified Lot 14 is the site for the motel. The proposal is to construct Riverwalk Drive from the bridge over Porter Canal on Simplot Circle to Bridgeport Drive. The estimate of \$560,000 is for Lot 13, the area for a storm water lot to be deeded to the City for an expansion of the Greenbelt along the Snake River, and the Greenbelt to the east. Magee stated she added \$200,000 to the estimates for River Walk Drive to reconfigure Bridgeport Drive for safety concerns. The estimate of \$237,000 is for additional improvements to the Greenbelt south of the Springhill Suites property to the Phase II of the River Gardens. Magee stated the next step for the Agency is the preparation of an Owner Participation Agreement (OPA). The OPA will contain the maximum amount of assistance. Magee explained the amount the Agency will pay under the OPA depends on the review of the invoices for reasonable and verified amounts and reasonable unit prices. The Agency requires three bids. Magee stated Public Works will review the invoices for the Agency for this project and future projects. The cost estimates provided will be separated into public improvements on the private site, cost estimates for River Walk Drive, and

cost estimates for the Greenbelt. Separation of cost estimates will determine the timing of payments and allow the Agency to estimate the cash flow. Staff recommends the Board appoint a committee to review the cost estimate and request with Woodbury representatives.

Jeff Stokes, Woodbury Corporation, stated Woodbury wants to complete the motel by 2017. When Woodbury first met with the Agency, they were only looking at public improvements on Simplot Circle and Lot 14. After meeting with Magee, they implemented a plan to complete Riverwalk Drive as a public right-of-way. Stokes stated Lot 14 will tie into the Residence Inn property. The \$2.6 million covers the public improvements on River Walk Drive and public improvements on Lot 14 (\$265,000). The improvements on Lot 14 include, public access and parking on the east side of Lot 14 next to the Greenbelt and a water line from the rail road property to Riverwalk Drive. Stokes stated the \$560,000 includes improvements to the proposed park on Lot 13. Lot 13, which will be improved to mirror the Greenbelt, will be given to Parks and Recreation. \$237,000 completes Greenbelt improvements from Woodbury's property south through the vacant property along the River to River Gardens Phase II. Radford asked if the \$2.6 million was for both Lot 14 (Springhill Suites) and River Walk Drive and if \$265,000.00 was for the Springhill Suites site. Stokes agreed and stated \$265,000 will include rock blasting two feet of rock and public access and parking adjacent to the Greenbelt. Radford asked about the \$560,000 for Lot 13. Stokes stated that amount is for storm retention and landscaping of Lot 13 plus improvements to the existing Greenbelt on the River. Larsen clarified Lot 13 will be parking and surface water retention. Stokes stated there is an existing storm line in Simplot Circle which moves the storm water from Simplot Circle to the River. The storm water will be retained on Lot 13 where it will settle. The overflow will go the River at an existing outlet to the River. There is no parking on Lot 13. Larsen asked if this is an existing pond. Stokes replied they will create the pond. Blake Jolley, Harper Leavitt Engineering, stated the storm water from Simplot Circle will end in a detention pond that overflows into an existing outlet to the Snake River. All the water from Bridgeport Circle will also flow into a detention basin with an overflow structure after pre-treatment. Jolley stated any water flowing into the diversion must be pre-treated.

Magee referred the Board to a plat map in the meeting packet. Lot 13 is the storm water retention lot. Shown on the plat map are red dotted lines which reflect the proposed location of the storm water lines. The yellow on the plat map shows the parking access easement being proposed on Lot 14. Magee stated the Agency may cover the construction cost on the parking access easement provided the public is able to use the easement and park in that area. Magee stated the yellow along the west of the property line of Lot 14 is the proposed sewer trunk line.

Radford stated there needs to be a committee appointed to work on this project with Woodbury. Radford stated the big picture is Lot 14 will house a motel, the City will gain more park land adjacent to the motel and improvements to the Greenbelt east and south of the motel as well as public parking with a parking and access easement on Lot 14.

Jolley stated the relocation of the sewer line will be a benefit to the City. The storm water easement and sanitary sewer will be relocated to River Walk Drive. In response to a question from Radford, Jolley stated the current sewer trunk line goes through the lots west of the proposed River Walk Drive. With this relocation, the trunk line will be under River Walk Drive. Such a location makes it easier to develop the property.

Stokes stated Woodbury hopes to start digging in February so this project needs to keep moving. Stokes stated the cost estimates are not to exceed numbers. Stokes stated that they should be able to get a hard bid on construction to the Agency in December. Radford said the Agency has to review its previous

commitments, its anticipated revenues, and its budget and priorities to see what the Agency is able to do to assist Woodbury. The legal team will need to start on the OPA. Radford asked Kirk Larsen if he is willing to help with this committee. Larsen agreed. Terri Gazdik will not work on the committee due to her conflict. Larsen will begin working on the project and find additional Board members to help.

Ryan Armbruster will start to prepare the OPA and coordinate with the committee. Magee will send to Armbruster the materials he needs. Radford stated the Board needs the numbers and draft OPA by the December meeting. Division of the cost estimates into improvements on public lands and public improvements on private lands will be helpful. Stokes has been in communication with Parks and Recreation. Radford asked Greg Weitzel to give the overview of how this plan fits into the plans for the area.

Greg Weitzel, Parks and Recreation, stated Parks and Recreation is committed to working with Woodbury on continued park improvements along the River. It is a wonderful recommendation to have the public parking. There is a demand for use of the Greenbelt. This plan provides an opportunity for Parks and Recreation to build a restroom for the park area. Radford asked what the plan for the Greenbelt is in this area. Weitzel replied they have not gotten into the details, but he believes the vision is similar to what exists in River Gardens.

Stokes stated that they have looked into the design and development of the Greenbelt. It will not be as ornate as what has been done but will tie into the existing Greenbelt and continue the continuity through the pathway.

Radford stated this proposal will satisfy the Walker OPA which needs to be addressed. A formal letter or a written release to end the existing OPA will be needed if this project with Woodbury is approved. Radford asked Armbruster to prepare a termination agreement with the Walkers and have this project be a standalone OPA.

Request for Approval of Contract with Rocky Mountain Environmental, Phase II, Kelsch Property.

Magee stated the cost estimate from Rocky Mountain Environmental for a Phase II study on the Kelsch Property, 560 Broadway, is a maximum amount of \$12,000. The maximum amount is based on frozen ground and the need to bring in an auger. Phase I found part of the Kelsch property had been used as a metal fabrication facility, two auto repair shops and two retail fuel distribution stations. Phase II will assure there is no contamination on the site. An oil fuel tank was removed in 2014 when the Savings Center building was demolished, but no soil tests were done to make sure there was no contamination. Rocky Mountain should be able to start after November 30, 2015. Radford summarized the Kelsch property needs further investigation, the estimate is \$12,000, and the work can be completed within 4-5 weeks. Radford asked Magee if she believes the buyers will want this test done. Magee replied, if the Agency does not complete the work, the buyer will have to complete it and the due diligence will be extended by 4-5 weeks. Martin asked and Magee agreed this amount is a not to exceed figure. **Linda Martin moved to authorize the executive director to enter into a contract with Rocky Mountain Environmental to complete a Phase II on the Kelsch Property provided the cost will not exceed \$12,000, Terri Gazdik seconded the motion, and it passed unanimously.**

Request for Approval of Asbestos and Lead Paint Study, Bonneville Hotel. Magee stated the Phase I on the Bonneville Hotel is completed. Magee stated Rocky Mountain found two gas stations were on the site. One was removed in 1926 when they built a basement for the Bonneville and the other one is either in the right-of-way or in the basement of the Bonneville. Magee stated a Phase II is not recommended on the Bonneville. Magee stated Rocky Mountain did not look at the asbestos or the lead paint in the building. The Board has discretion on this item. A developer will probably need to know how much lead

paint and asbestos may be in the building. The estimate for a lead paint and asbestos study is \$13,500. The Board could let the developer do this study. It may mean an additional six weeks for due diligence for the developer. Moving forward with this study is way to assist a potential developer. Radford asked for the response of the Board. Larsen asked if the time involved is a significant issue. Magee replied the Agency has two years to find a developer, allow for due diligence, and close on the property. Six weeks can be significant. Radford explained the draft RFP is aggressive, the Agency is requesting a response to proposals by April, 2016, and such a time frame may not be possible without this information for the developer. Martin asked if the \$13,500 is a not to exceed amount. Radford responded the estimate does state Rocky Mountain will not exceed the cost without specific authorization. **Kirk Larsen moved to authorize the executive director to enter into a contract with Rocky Mountain Environmental to complete an asbestos and lead paint study on the Bonneville Hotel provided the cost will not exceed \$13,500, Linda Martin seconded the motion and it passed unanimously.**

Review of Public Participation and Research on Successful Downtowns. Radford stated the Agency has worked with the planning department to obtain the ideas of the public on downtown projects. Brad Cramer, Community Development Services Director, explained the Agency wanted public participation after they entered into a purchase agreement for the Kelsch property and an option on the Bonneville Hotel. Cramer stated staff did not have the time and resources to put a public participation program together. He contacted Agnew Beck for a proposal for public participation. The proposal was for focus groups with stake holders. Due to the budget, there was no outreach to the general public. Instead, they are relying on twenty-five years of public participation, much of which addressed downtown. In the spring of 2016, the planning department will go back to the general public. Cramer stated there were four focus groups: non-profits and cultural organizations; downtown property owners, merchants and elected officials; architects, designers and historic preservationists; and major City employers. A shortened presentation was completed at a Rotary meeting. The focus groups were asked general questions about downtown and specific questions about the Bonneville and Kelsch properties.

Cramer gave a preliminary summary of the results. The responses suggested mixed use for the Kelsch property (residential/office/retail/restaurant). People want something to anchor downtown and draw people into downtown. One idea is a Trader Joe's or an Imax Theatre. One focus group felt the scope of the Kelsh property should encompass the Aladdin Floral building. The focus groups suggested a mixed use for the Bonneville Hotel with residential through most of the building and ground floor retail/restaurant. It was unanimously suggested the Bonneville not be 100% low income subsidized housing. The merchants' focus group suggested the creation of an intern center for the INL. INL needs housing for their interns. All the groups felt there needs to be options that appeal to a wide range of people. Cramer stated, when the live polling question was asked, "*who would benefit from downtown housing?*", almost every group stated young adults would benefit the most.

Cramer stated Agnew Beck will compile the results and produce a report that will be available in late December. Cramer stated the results can be used to develop standards in the RFPs for both properties.

Radford stated the study cost \$10,400. Cramer asked for the Agency to pay fifty percent of the cost of the study. Magee recommended the Agency pay one-half of the study since the Agency is obtaining information to help with RFPs. Radford stated the study can be an attachment to the RFP along with the Phase I and Phase II reports. **Kirk Larsen moved to approve payment of \$5,200 or fifty percent of the study provided by Agnew Beck, Linda Martin seconded the motion and it passed unanimously.**

Smart Growth Award for River Gardens. Greg Weitzel, Parks and Recreation Director, said he represented the City at the Smart Growth Awards in Boise. The City won the Redevelopment Award for

the River Gardens at Taylor's Crossing. With the project, development is moving forward at Taylor Crossing. Weitzel presented the Agency with the award.

Discussion of Process for Acquisition and Disposal of Kelsch Property and Bonneville Hotel.

Armbruster reviewed a letter he had prepared to explain the process for property disposition. Urban renewal agencies in Idaho are required to go through a competitive process to dispose of property to a private developer for redevelopment. An agency has flexibility to determine what the Agency seeks from qualified developers and any conditions on the property it wishes to place on the property. The statute provides discretion for the Agency to select the most qualified developer for the property. An RFP starts the process for the Agency to determine if there is interest and, if there is interest, which developers are most qualified to move forward with the project. The statute requires a minimum of 30 days for responses to the RFP. With the RFP, the Agency is not looking for potential developers to go into a lot of details with drawings. Instead, the Agency should get a concept of the project and a submission that gives the Agency the ability to determine how real the developer is and whether the developer can produce what is proposed. After the developer is selected, the Agency and developer enter into the development agreement stage that spells out the project in more detail. Armbruster stated the property will not be transferred to the developer until the Agency is convinced the developer has the finances and private investment necessary to complete the project.

Radford asked how the fair reuse value appraisal is done. Armbruster replied the appraiser will look at the conditions the Agency imposes on the property, the Agency's expectations, and the highest and best use under the zoning codes of the City. The process takes into account the development costs of the developer and the potential return to the developer. Generally, in downtown project areas where there is a difficulty in construction and development, a reuse appraisal comes in much less than the fair market value. This is the "land write down" which is the Agency's contribution to the project: the developer obtains the property at less than the fair market value. Radford asked for an example. Armbruster replied the valuation of one property at a fair market value was close to \$1 million but the fair reuse was under \$500,000, so the Agency wrote down \$500,000 to incentivize the development. Radford asked how the RFP impacts the value. Armbruster stated the RFP, especially if the Agency is looking for a narrow use, will impact the value of the property. As an example, requiring property on a very small site to be a hotel will create development costs of construction plus there is the issue of the real market for a hotel on that site. It is a fine line on the RFP between the Agency's vision for a site and the constraints under such vision which makes it difficult for a developer to move forward.

Gazdik asked, if the property is discounted considerably to incentivize a developer, is that incentive considered if the developer comes back to the Agency for assistance with the development. Armbruster replied the Agency will negotiate any additional participation in the Agency's disposition and development agreement. For example, in addition to the "write down" of the land, the Agency may agree to pay for the cost of improving the sidewalk and extending utilities to the site. Armbruster stated it is a one shot deal in the development agreement. Martin stated the Agency might try to calculate the return on the investment. Armbruster responded the real constraint is the Agency has a limited number of years available in this district. Generally, if the Agency calculates the project will generate \$1 million dollars a year in tax increment, the Agency feels comfortable contributing \$4 million over four years. The investment of the Agency will be returned. Armbruster stated that there will be an analysis here with what the developers ask for. The analysis considers agency participation and the tax increment to be generated. A rule of thumb is a return of ten dollars for every one dollar invested. In this district, the taxing entities will reap the benefit of this project after the termination of the district.

Review of Revised Draft of RFP for Kelsch Property. Since time was short, Magee will email a portion of the presentation prepared for today's meeting. Magee briefly reviewed the criteria in the draft RFP for the Kelsch property. The criteria generally responds to the suggestions of the focus groups. Magee asked the Board members to email her comments on the RFP.

Review of Draft of RFP for Bonneville Hotel. Magee summarized the criteria in the draft RFP: a mixture of market rate housing and tax credit housing; ground floor uses including eating/drinking establishments, office support services, or/and offices; the use of the Federal Historic Preservation Tax Incentives Program; re-use of the outdoor area between the two wings of the building; redevelopment of the parking lot; and contribution to local employment and economy. Magee stated that the staff met with INL staff about in the intern program. The issue with the intern program is the INL has the largest amount of interns in the summer: the program is not consistent on a year-round basis. Magee included in the RFP an historic photo of the Bonneville Hotel as well as a current photo. Magee suggested Board members send her any changes or comments via email. Gazdik asked if the Bonneville has a basement. Magee stated there is a basement but it may only be a full basement under the 1951 addition. Gazdik asked if underground parking is an option. Magee stated it is a deep basement but there is a boiler, electrical and elevator housed in the basement. Radford commented they should arrange a tour of the Bonneville for the Board. Magee suggested one or two architects accompany the Board. Martin asked if all the criteria are mandatory. Magee responded the criteria are a measuring stick. It is not black and white; for example, if both developers are equal in ability to complete the project, and one proposes all tax credit housing and one proposes a mixture of housing types, the board would select the developer with the mixture of housing types. Armbruster agreed with Magee. Armbruster stated there are no points or weight on any one of the criteria, but, if you hit more of the marks, then the proposal will be better received. Radford suggested some be minimum criteria and some absolute for the project. Martin suggested the cost to do the historic preservation may outweigh energy efficiency costs. Magee replied the Idaho Falls Downtown Development Corporation agreed to have the entire amount of the 2017 CDBG façade improvement monies set aside for the Bonneville. That information is included in the RFP.

RAI Activities and Legislative Interim Committee. Armbruster stated the Board members have the letter from Representatives Sousa and Clow. The letter provides a great overview of the issues the Interim Committee is struggling with. The committee met on November 16, 2015, and the agenda included agency board make-up; use of tax increment for public buildings; consolidation of blight and economic development; more accountability; limitations on amount and time of use of TIF monies; central repository for all urban renewal agency information; enforcement; and any restraints on amending a plan. Armbruster said Ball Ventures gave a very good presentation to the committee on October 19. Ball Ventures stated the Agency's participation was critical for their project. The Committee is scheduled to meet again on December 14, 2015, and will try to reach a consensus on specific recommendations for legislation.

Gazdik asked the Agency send a thank you note to Ball Ventures for their time and effort.

Request for Resolution Designating Community Services Development Director as Executive Director. Magee asked the Agency to authorize legal counsel to prepare a resolution designating the Community Services Development Director Brad Cramer to serve as the executive director as of February 1, 2016. It is important that future developers have a public telephone number where they can reach someone 40 hours a week. Magee stated, with the number of projects the Agency has, it needs a director with support staff. Magee is willing to serve as an unpaid consultant through June, 2016.

Next meeting of Agency is scheduled for December 17, 2015.

Kirk Larsen moved to adjourn the meeting, Linda Martin seconded the motion and it passed unanimously.

Respectfully Submitted: Beckie Thompson